A

DG KOM SDN BHD

v.

PENDAFTAR SYARIKAT & ANOR

B

HIGH COURT MALAYA, KUALA LUMPUR
NALLINI PATHMANATHAN J
[ORIGINATING SUMMONS NO: D11(D2)-21-63-2001]
19 JANUARY 2010

C ***COMPANY LAW:*** *Registration of company name - Name resembling name of existing company - Whether there is a similarity between the plaintiff's and 2nd defendant's names - Whether confusion caused to the public as a consequence of such similarity in names - Whether plaintiff suffered loss or damage as a consequence of such similarity - Whether*
D *continued use of 2nd defendant's name 'undesirable' within context of s. 22(1) Companies Act 1965*

EVIDENCE: *Relevancy - Registration of company name - Whether court ought to take into account material arising after date of registration of*
E *change in name in deciding on issue of 'confusion' - Court ought not to consider facts that occurred after registration of company and after exercise of registrar's discretion*

The plaintiff was incorporated on 13 July 1982 under the name DG-Kom Sdn. Bhd. and later changed its name to D.G. Kom Sdn.
F Bhd. The plaintiff carries on a business related to information technology. The 2nd defendant was incorporated on 28 March 1997 under the name 'Mutiara Swisscom Sdn. Bhd.' The name was changed several times. On 18 April 2000, it finally changed its name to DIGI.COM BERHAD. The 2nd defendant is the holding
G company of DiGi Telecommunications Sdn. Bhd. which is the operator of the cellular telephone network known as 'DiGi'. The 2nd defendant carries on a business related to telecommunications. When the plaintiff learnt of the 2nd defendant's proposed change of name it wrote to the first defendant, the Registrar of Companies
H ('registrar') on 11 March 2000 objecting to such change of name and its use, on the grounds that it was similar to the plaintiff's name and would cause confusion. The registrar duly issued a show cause letter to the 2nd defendant requesting it to provide justification as to why its name ought not to be changed. The 2nd
I defendant issued a reply dated 23 May 2000 and the registrar was satisfied with the reasons put forward by it and allowed it to

continue its operations under its current name. The plaintiff complains of the registrar's acceptance of the 2nd defendant's explanation and it being continued to be allowed to use its name notwithstanding what the plaintiff alleges is confusion *vis-a-vis* the general public. The plaintiff appealled against the decision of the registrar and *vide* this originating summons sought orders that the decision of the registrar dated 8 June 2001 allowing the 2nd defendant to continue the use of DIGI.COM BERHAD is wrong and undesirable and should be set aside and that the registrar order the 2nd defendant to change its name so that it is not similar to that of the plaintiff.

Held (dismissing the appeal with costs):

(1) The relevant period for consideration of documents and evidence to substantiate the element of 'confusion' would be up to 8 June 2001 when the registrar had exercised his discretion to allow the 2nd defendant to continue using its name. Section 11(10) of the Companies Act 1965 does not empower the court to determine the matter anew at the hearing of the appeal, as if the registrar's decision had not been made. The court is instead granted an unrestricted right of appeal to review the registrar's decision allowing into evidence all relevant material which was or could have been available to the registrar. Thus all material up to and including 8 June 2001 is relevant whilst events and documents occurring thereafter are irrelevant for purposes of this appeal. *Charisma Waterbeds Ltd. v. The Registrar of Companies & Anor.* (foll); *Vicom New Zealand Ltd. v. Vicomm Systems Ltd.* (foll). (paras 10-15)

(2) While it is true that the 2nd defendant's name is derived from a completely different source to that of the plaintiff, in that the name 'DIGI' is derived from the word 'digital' and the 'COM' in the 2nd defendant's name is derived from the word 'communications' though the plaintiff's name has no such origins, the two names when said out aloud do sound similar. There is some degree of similarity in the names of the plaintiff and the 2nd defendant specifically with reference to the pronunciation and sound of their names. (para 30)

(3) The plaintiff has only established that a small degree of confusion arose within a specific segment of the public, primarily the plaintiff's customers as to the correct spelling of the plaintiff's name which they mixed up with that of the 2nd defendant. Additionally there was some evidence of correspondence meant for the 2nd defendant being sent to the plaintiff. These 'mistakes' or 'confusion' did not result in the diversion of any part of the plaintiff's business. Nor did it result in detriment or loss to the plaintiff or substantive administrative inconvenience either. The plaintiff has thus not suffered loss or damage as a consequence of the 'similarity' in its name and that of the 2nd defendant. *South Pacific Airlines of New Zealand Ltd v. Registrar of Companies* (foll); *Abacus Finance Ltd v. Registrar of Companies*. (refd) (paras 37-38)

(4) Although there is some degree of similarity between the names and some small degree of confusion arose *vis-a-vis* a small group of the plaintiff's customers, this in itself is insufficient, on the facts here for the court to review or reverse the registrar's exercise of discretion. The court should only interfere with such exercise of discretion if there was application of a wrong principle, or consideration of extraneous matters. The registrar has not so erred here. The 2nd defendant's continued use of its name does not cause significant 'confusion' to the public at large, thereby requiring that such use cease. The sum total of the 'confusion' caused is relatively insignificant, not warranting an order directing the disuse or change of the 2nd defendant's name. As there is no reason to interfere with the registrar's decision, this appeal is accordingly dismissed with costs. *South Pacific Airlines of New Zealand Ltd v. Registrar of Companies* (foll); *Angkasa Jurutera Perunding Sdn. Bhd. v. Pendaftar Syarikat & Anor.* (refd); *Drilex Systems Pte Ltd. v. Registrar of Companies & Anor.* (foll). (para 40)

Case(s) referred to:

Abacus Finance Ltd v. Registrar of Companies [1985] 2 NZLR 607 ***(refd)***

Angkasa Jurutera Perunding Sdn Bhd v. Pendaftar Syarikat & Anor [2003] 1 LNS 622 HC ***(refd)***

Charisma Waterbeds Ltd v. The Registrar of Companies & Anor [1986] 2 BCR 197 ***(foll)***

Drilex Systems Pte Ltd v. Registrar of Companies & Anor [1993] 2 SLR 345 ***(foll)***

South Pacific Airlines of New Zealand Ltd v. Registrar of Companies [1964] NZLR 1 ***(foll)***

Vicom New Zealand Ltd v. Vicomm Systems Ltd [1987] 2 NZL 600 ***(foll)***

Legislation referred to:
Companies Act 1965, ss. 11(10), 22(1), (2), (7), 23

Companies Act 1955 [NZ], s. 9B
Companies Act [Sing], s. 27

For the plaintiff - HK Ling; M/s Ling & Mok
For the 1st defendant - Mohamed Sufyan Mokhtar (Azurah Nor Sharif with him)
For the 2nd defendant - Michael CM Soo (Lee Lin Li with him); M/s Shook Lin & Bok

Reported by Susheila Sreedharan

JUDGMENT

Nallini Pathmanathan J:

[1] This is an appeal against the decision of the Registrar of Companies under s. 11(10) of the Companies Act 1965, refusing to order DIGI.COM BERHAD to alter its name notwithstanding the complaint of D.G.Kom Sendirian Berhad that the similarity in the two names has caused and continues to cause confusion to the public, thus rendering it 'undesirable' that the Registrar allow the continued use of the name 'DIGI.COM BERHAD'. *Vide* this originating summons the plaintiff, D.G. Kom Sendirian Berhad ('the plaintiff') seeks the following orders:

(a) That the decision of the first defendant, the Registrar of Companies ('the registrar') dated 8 June 2001 allowing the second defendant, DIGI.COM BERHAD ('the 2nd defendant') to continue the use of DIGI.COM BERHAD is wrong and undesirable and should be set aside;

(b) That the registrar order the 2nd defendant to change its name so that it is not similar to that of the plaintiff.

Salient Facts

[2] The plaintiff was incorporated on 13 July 1982 under the name 'DG-Kom Sdn. Bhd.' on 11 July 1989, some seven years later, the plaintiff changed its name to D.G. Kom Sdn. Bhd. The plaintiff is involved in and carries on a business related to information technology.

[3] The 2nd defendant on the other hand was incorporated on 28 March 1997, almost fifteen years after the incorporation of the plaintiff, under the name 'Mutiara Swisscom Sdn. Bhd.' The name was later changed to Mutiara Swisscom Berhad on 13 April 1997 and then to DIGI Swisscom Berhad on 16 December 1998. Finally it changed its name to DIGI.COM BERHAD on 18 April 2000. The 2nd defendant is the holding company of DiGi Telecommunications Sdn. Bhd. which is the operator of the cellular telephone network known as 'DiGi'. In essence therefore the 2nd defendant is involved in and carries on a business related to telecommunications. When the plaintiff learnt of the 2nd defendant's proposed change of name it wrote to the registrar on 11 March 2000 objecting to such change of name and its use, on the grounds that it was similar to the plaintiff's name and would cause confusion. The registrar, upon receipt of this letter issued a show cause letter to the 2nd defendant dated 2 May 2000 requesting it to provide justification as to why its name ought not to be changed pursuant to the provisions of s. 23 of the Companies Act 1965. The relevant part of this letter reads as follows:

> ... Oleh sebab nama syarikat tuan telah dengan tidak sengaja di luluskan merupai dengan nama syarikat D.G.KOM SDN. BHD. maka nama syarikat tuan adalah suatu nama syarikat yang tidak boleh di luluskan tanpa menyalahi sesyen 22(1) Akta Syarikat 1965 pada asalnya. Pendaftar Syarikat dengan ini bercadang untuk menjalankan kuasa yang di berikan di bawah sesyen 23(3) Akta yang sama untuk mengarahkan syarikat tuan supaya menukarkan namanya kepada nama lain.
>
> Sehubungan dengan itu, sila beritahu pejabat ini dalam tempoh masa 21 hari dari tarikh surat ini, mengapa tindakan sedemikian tidak patut diambil terhadap syarikat tuan.

[4] In response to this show cause letter, the 2nd defendant issued a reply dated 23 May 2000. This is what the 2nd defendant said:

> ... We wish to notify that the provisions of section 23(3) of the Companies Act 1965 are not applicable to our Company's recent change of name for the following reasons:
>
> 1. The word 'DiGi' in the name of our company is derived from the word "Digital" and the word "Com" is derived from the word "communications". As the word "DiGi" is spelt in full, it should not be linked to D.G. Kom Sdn. Bhd. which is in

abbreviation form. D.G. Kom Sdn. Bhd. is read as "D dot G dot Kom" whereas our Company's name is read as "DiGi dot Com". A

2. Pursuant to section 121(1) of the Companies Act 1965 each company is required to state its company number immediately after its name in all its letterheads and other official documents. Since both the companies have different company numbers, the public would not be mislead by the said names. B

3. Pursuant to Section 121(1A) of the Companies Act 1965, we are required to state our former name in all our official documents for a period of one year from the date of change of name. Therefore the public would have been duly notified of such change and they would not be confused as to the actual company they are dealing with. C

[5] The registrar was satisfied with the aforesaid reasons put forward by the 2nd defendant and allowed it to continue its operations under its current name. The 2nd defendant's solicitors were so informed on 8 June 2001. The plaintiff complains of the registrar's acceptance of the 2nd defendant's explanation and it being continued to be allowed to use its name notwithstanding what the plaintiff alleges is confusion *vis-a-vis* the general public. D E

Preliminary Submission

[6] At the outset, learned counsel for the plaintiff, Mr. Ling sought to contend that there were two stages to this appeal. He maintained that the registrar had in fact made two decisions – the first *vide* the registrar's letter dated 2 May 2000, ie, the show cause letter (as reproduced above) and the second decision being that accepting the 2nd defendant's explanation and allowing it to proceed to use its current name. In effect, Mr. Ling contended, the registrar had reversed its own decision as in the earlier letter the registrar had conceded that the 2nd defendant's name had inadvertently been approved as it resembled the plaintiff's name and ought not to have been approved. However in its second letter, the registrar had reversed its earlier decision. This contention is premised on the basis that the registrar's first letter does indeed amount to a 'decision' or finding of some finality. However the court pointed out that a perusal of the letter of 2 May 2000 from the registrar could not possibly be considered a 'decision' of the registrar as the express words used there indicated clearly that it was a 'show cause' letter F G H I

issued prior to a decision being taken. Mr. Ling then contended that the registrar, in exercising his powers under s. 22(1) had no jurisdiction to issue a show cause letter to the 2nd defendant, but was bound simply to make a decision. Given that the registrar had earlier found that the 2nd defendant had been allowed to register its name inadvertently, the plaintiff contended that the issuance of the second letter was misconceived. The response of the registrar and the 2nd defendant to this contention was that as the 2nd defendant was already using its name and operating its business thereunder, the rules of natural justice required that it be given a chance to explain and justify the use of its name prior to any decision being taken to alter the same. It appears to this court that the latter contention is indeed premised correctly as the 2nd defendant had and still is using its name in its daily operations. To remove the same summarily without according it a chance to be heard would amount to adjudicating on the matter without according the 2nd defendant an opportunity to be heard. Accordingly I reject the plaintiff's contention that the registrar had no jurisdiction to issue the show cause letter dated 8 May 2000 to the 2nd defendant.

The Issues

[7] The primary issue before this court is whether or not there is a similarity between the plaintiff's name and the 2nd defendant's name which has and continues to cause confusion to the public, which in turn renders the continued use of the latter's name, undesirable within the context of s. 22(1) of the Act. This issue may be fragmented and considered in the following terms:

(a) Is there a similarity between the plaintiff's and the 2nd defendant's names?

(b) Is confusion caused to the public as a consequence of such similarity in the names?

(c) Does the plaintiff suffer consequences or damage as a consequence of such similarity?

(d) Is the continued use of the 2nd defendant's name therefore 'undesirable' within the context of s. 22(1) of the Act?

The Law

[8] Prior to examining the issues outlined above it is necessary to consider the relevant statutory provisions governing this appeal which are as follows:

Section 11(10) of the Act:

Any person aggrieved by the refusal of the Registrar to register any corporation or to register or receive any document or by any act or decision of the Registrar may appeal within thirty days of the decision of the Registrar to the Court which may confirm the refusal, act or decision or give such directions in the matter as seem proper or otherwise determine the matter but this subsection shall not apply to any act or decision of the Registrar:

(a) In respect of which any provision in the nature of the appeal or review is expressly provided in this Act; or

(b) Which is declared by this Act to be conclusive or final or is embodied in any document declared by this Act to be conclusive evidence of any act, matter or thing.

[9] The exercise of the registrar's power in relation to the registration and alteration of a name of a company is governed by:

Section 22(1) of the Companies Act ('the Act'):

Except with the consent of the Minister, a company shall not be registered by a name that, in the opinion of the Registrar, is undesirable or is a name, or a name of a kind, that the Minister has directed the Registrar not to accept for registration.

And

Section 23(3) of the Act:

... If the name of a company is (whether through inadvertence or otherwise and whether originally or by change of name) a name by which the company could not be registered without contravention of subsection 22(1) the company may by special resolution change its name to a name by which the company could be registered without contravention of that subsection and, *if the Registrar so directs, shall so change it* within six weeks after the date of the direction or such longer period as the Registrar allows unless the Minister by written notice annuls the direction, and if the company fails to comply with the direction it shall be guilty of an offence against this Act. (emphasis added)

The Scope Of s. 11(10) Of The Act

[10] The first provision that falls for consideration is that governing the adjudication of this appeal, namely s. 11(10) of the Act. The provisions of this section are wide and confer upon this

court the power to hear the complaint or grievance *de novo* and make such order as it deems fit which includes confirming the decision of the registrar or making some other appropriate determination. It is necessary to consider the scope of this section because the plaintiff has tendered evidence in support of its contention of confusion in the form of several letters that are dated after the date of the decision of the registrar allowing the 2nd defendant to change its name to DIGI.COM BERHAD on 18 April 2000. A relevant issue that falls for consideration in this case is whether or not the court ought to take into account these documents in deciding on the issue of 'confusion'. This in turn will depend upon whether or not the court can take into account the extraneous material arising after the date of registration of the change in name.

[11] This issue was considered in the New Zealand case of *Charisma Waterbeds Ltd. v. The Registrar of Companies & Anor* [1986] 2 BCR 197. The High Court there had occasion to consider the scope of the powers of the court under the provisions of their s. 9B which is *pari materia* to s. 11(10) in our Act. Williamson J stated as follows:

> ... The nature and extent of an appeal under s. 9B has been considered in a number of cases, in the case of *Abacus Finance Ltd. v. Abacus Holdings Ltd.* (unreported, 13 August 1984, Wellington Registry A172/84) Ongley J said:
>
> *Effectively on appeal the Court's discretion is substituted for that of the Registrar and the matter is dealt with de novo.*
>
> Similar views were expressed in the case of *Toyota Motors (NZ) Ltd and Another v. Registrar of Companies and Another* (unreported, Auckland 27 March 1979 M439/77, Mahon J), and in *George v. Registrar of Companies* [1981] 2 NZLR 237 at p 241, and in *Vicomm Systems Ltd v. Registrar of Companies and Vicom New Zealand* (unreported, Auckland 13 March 1985, A405/84, Tompkins J). In the latter decision Tompkins J who had adopted the earlier cases, said:
>
> > *I agree that the appeal should be on the basis of considering the application de novo. This follows from the powers conferred on the Court by s. 9B. The Court can take into account all the relevant material now before it. It is not restricted to the material that was available to the Registrar, nor is it concerned to determine whether the Registrar exercised his discretion properly on the material then before him.*

> *But I do not consider that the Court in deciding whether the registration of the company with the proposed name was desirable, can take into account facts that have occurred after the registration and after the exercise of the Registrar's decision.* Indeed the date of the Registrar's decision is immaterial – *what is crucial, at least in the circumstances of the present case, is the date of registration of the Appellant.*
>
> *I accept that because of the wide nature of the power given in s. 9B(2) it is appropriate for this Court to consider all of the evidence before it. The date of the Registrar's decision is not vital since he in turn must under the provisions of s. 32(2) consider the date of first registration of the company.* However the content of the Registrar's decision is a matter to which the Court must have regard on an appeal and in so far as the date of his decision explains or affects it then it is relevant. *The additional material in this case, which has been tendered to the Court, namely the affidavits suggesting an actual occasion of confusion and the documents relating to a winding up petition against the second respondent, concern events after registration and the Registrar's decision. They do not in my view bear upon the essential question at issue and consequently I have out them to one side.*

[12] From the foregoing, which I respectfully accept and adopt as constituting the correct position in law, it follows that while the court has wide powers to accept all relevant evidence placed before it, such that it is not restricted to the evidence or material placed before the registrar, there are limitations to the material that is placed before the court. The court ought not, in deciding whether or not the registration of the name of a company is desirable, consider facts that have occurred after the registration of the company and after the exercise of the registrar's discretion. The crucial date as stated above is the date of the registration of the name of the company. In the instant case the relevant date would be 18 April 2000 when the 2nd defendant altered its name to DIGI.COM BERHAD. The registrar exercised his discretion to allow the 2nd defendant to continue to use this name on 8 June 2001 when it wrote to this effect to the 2nd defendant's solicitors.

[13] Applying the rationale set out above, documents or evidence dated up to 18 April 2000 and at the very latest 8 June 2001, would be relevant evidence for consideration by this court in the course of determining this appeal. Evidence or material dated after the registration of the 2nd defendant's current name and after the exercise of the registrar's discretion on 8 June 2001 would not be

relevant as they concern events after the registration and the registrar's decision. In other words, while the court is open to the receipt of all relevant evidence and material prior to the registration of the disputed name and up to the date of the exercise of the registrar's decision, whether or not such material was before the registrar, it will not consider documents and events or material occurring after the 'crucial' dates, on the grounds that these matters do not bear upon the question in issue.

[14] My conclusion that events and documents after the relevant dates, ie, the date of registration of the company's name and the date of exercise of the registrar's decision, ought not to be considered is fortified by the decision of the Court of Appeal of New Zealand in *Vicom New Zealand Ltd. v. Vicomm Systems Ltd.* [1987] 2 NZL 600 where it was held:

> … As to the scope of the appeal to the High Court, Tompkins J held that it required a consideration *de novo* and was not restricted to determining whether the Registrar exercised his discretion properly on the material before him. Disagreeing with the view taken by Mahon J and Quilliam J in two unreported High Court cases, he held that the Court could not take into account facts occurring after the Registrar's decision. *Bearing in mind that s. 9B gives a general, unrestricted right of appeal and enables the Court to confirm the decision of the Registrar or give such directions or make such determination as the Court thinks fit, we agree that the appeal hearing is de novo in the sense that the Court is not confined to deciding whether the Registrar's decision could be successfully challenged in judicial review proceedings: see Shotover Gorge Jet Boats v. Jamieson [1987] 1 NZLR 437; Re Gem Exploration & Minerals N/L and the Companies Act [1975] 2 NZWLR 584, 587, 559. But as the decisions just cited point out, weight can still properly be given to the Registrar's opinion. We will assume again without deciding that facts occurring after his decision are not to be taken into account except to the extent that they were reasonably foreseeable* … (emphasis added).

[15] The restriction of evidence which is relevant as of the date of registration and the date of exercise of the registrar's decision appears to be correct because on appeal the court is considering afresh, whether the disputed name ought to have been registered as of the date of registration. To extend such a date to the date of the exercise of the registrar's decision is also rational, as it allows the court to consider anew all evidence available as of the date when the decision was made to allow the 2nd defendant to continue to use

its name. If all events subsequent to that date with no finite time limit is admissible on appeal, then the appeal would no longer serve as a consideration afresh of the factors before the registrar when he made his decision. It would amount to empowering the court to determine the matter anew as of the date of the hearing of the appeal, as if the registrar's decision had not been made. A consideration of s. 11(10) does not appear to empower the court in that fashion. The court is instead granted an unrestricted right of appeal to review the registrar's decision allowing into evidence all relevant material which was or could have been available to the registrar. In the instant case therefore all material up to and including 8 June 2001 is relevant. Events and documents occurring after that date are not relevant for the purposes of this appeal.

Section 22(1) Of The Act – When Is A Name 'Undesirable' Under This Provision?

[16] The issue of what amounts to 'undesirability' under the provisions of s. 22(1) of the Act has been considered in a series of cases. The oft-cited case relied upon to define 'undesirable' is that of *South Pacific Airlines of New Zealand Ltd v. Registrar of Companies* [1964] NZLR 1 where McGregor J sitting in the Supreme Court in Wellington held as follows:

> ... The expression "undesirable" would seem to embrace any name or names which would offend public policy or might give offence to any particular section of the community, or any particular religion. Each name must be considered by the Registrar in the light of its own merits or demerits, but it is clear that any name that might mislead the public or a recognized section of the public in any particular locality, or would be likely to cause confusion, is undesirable, irrespective of the intentions or the motives or the purposes of the applicant.

[17] The facts of that case were that the plaintiff there applied for an order of *mandamus* against the registrar of companies in New Zealand to allow their name to be changed from 'South Pacific Airlines of New Zealand Limited' to 'Airlines of New Zealand Limited'. The registrar had refused their application on the premise that the proposed name might be mistaken for that of the existing 'New Zealand National Airways Corporation' as there was a similarity in the names which might give rise to confusion.

[18] The learned judge, in upholding the decision of the registrar went on to consider the principles relating to 'confusion':

A ... The principles, then to be gathered from the numerous cases seem to show that the question to be determined is: Are the names of the companies so much alike that persons who under ordinary circumstances would be customers of such companies for the commodities in which they deal are likely to be deceived into dealing with the new company in mistake for the old, to the detriment of the latter? In considering this question, it is material to ascertain:

(i) Whether the two companies are dealing in the same commodity;

(ii) Have mistakes already been made? It is not essential that there should be evidence of this fact, but where it exists it would be very material in assisting the Court in concluding that the name complained of was calculated to deceive;

(iii) The nature of the business carried on by the 2 companies, and the probability on account of that nature, of persons doing business with them making mistakes as to their identity.

[19] In *Charisma Waterbeds Ltd v. The Registrar of Companies* [1986] 2 BCR 197 the issue of 'undesirability' was also considered. This is what the court held:

... both the parties in this case accept that undesirability does involve a consideration of whether a name is likely to mislead the public or to cause confusion. This fact of undesirability was set out in an often quoted case of *South Pacific Airlines of New Zealand v. Registrar of Companies* [1963] NZLR 7. It has been followed in the Abacus, George and Viccom cases ...

[20] And in *Abacus Finance Ltd v. Registrar of Companies* [1985] 2 NZLR 607 Ongley J also considered this issue and adopted the test in the *South Pacific Airlines* case. His Lordship went on to consider that on the facts of this case there was uncontradicted evidence that over a period of months, at least from March until the end of May this year, the plaintiff company received a number of telephone communications which had been intended for the defendant company. Some letters were directed to it which should have been directed to the defendant company. This it was found had caused inconvenience to the plaintiff. The instances cited by the plaintiffs of confusion showed that many such instances were due to postal and telephonic errors. It was concluded that some degree of confusion was inevitable. The court then went on to consider

whether having regard to the extent of the confusion likely to arise by reason of members of the public being misled, it was undesirable to permit the defendant company to continue to be registered in its present name. The court concluded that while the detriment to the plaintiff company was merely inconvenience as opposed to substantive quantifiable damage, it could not be said to be a trifling inconvenience. The view was taken that avoidable confusion in the identity of two limited companies is 'obviously undesirable'.

[21] In *Vicom New Zealand Ltd v. Vicomm Systems Ltd.* the New Zealand Court of Appeal specifically recognized that "... a serious risk of confusion of the public or a section of the public is well recognized as a head of undesirability when the registration of a company name is in issue ..."

[22] In the Singapore case of *Drilex Systems Pte Ltd. v. Registrar of Companies & Anor.* [1993] 2 SLR 345 the Court of Appeal held that similarity in names in itself was insufficient reason for the registrar of companies to refuse to register a foreign or local proposed name. There had to be something more which rendered that similarity undesirable. This could take the conspicuous form of financial detriment, which was the immediate consequence of two companies with similar names sharing a common field of activity. It must be borne in mind that the provisions of s. 27 of the Singapore Companies Act differs from the section under consideration in this case. It does however use the word 'undesirable' although it also separately specifically provides that a company shall also not be registered in a name that in the opinion of the registrar is so identical to that of any other company, corporation or business name, or so nearly resembles the name of another company, corporation or business as to be likely to be mistaken for it. The Singapore Court of Appeal considered the *South Pacific Airlines* case and *Abacus Finance Ltd v. Registrar of Companies*. They also quoted and adopted the approach taken by the High Court Judge, Chan Sek Keong J (as His Lordship then was). This is what was said in the High Court:

> .... In my view it is important to appreciate the principle that was applied in the *Abacus* case. Although Ongley J said that 'Avoidable confusion in the identity of two limited companies is obviously undesirable' he went on to identify the nature of the undesirability in terms of 'the degree of inconvenience .... [as] .... the primary factor.' Ongley J did not decide that any avoidable confusion will,

A *per se*, entitle the registrar to say that the name is undesirable. He still has to consider whether the confusion will cause financial detriment or some other kind of consequences to the objector …

[23] The Court of Appeal in Singapore did not apply the New Zealand case law in defining undesirability to include the likelihood of confusion, particularly as their statute suggested otherwise. It was concluded that similarity in names is not in itself a sufficient reason to refuse to register a foreign company's name. There would have to be something more that would render the similarity undesirable such as financial detriment, a consequence of two entities operating in the same field of activity.

[24] And finally in the Malaysian case of *Angkasa Jurutera Perunding Sdn. Bhd. v. Pendaftar Syarikat & Anor.* [2003] 1 LNS 622 Vincent Ng J considered the New Zealand case of South Pacific Airlines and adopted the test set out by McGregor J, paraphrasing the same. His Lordship also considered *Drilex* and *Abacus* in setting out the guidelines to be applied. Prior to doing so however His Lordship considered s. 22(1), (2) and (7):

E (2) The Minister shall cause a direction given by him under subsection (1) to be published in the Gazette …

... And the Minister's gazette pursuant to s. 22 subsections (1) and (2) jilid 41 (No. 3) dated January 301997 reads:

F Pursuant to sections 22(1) and 34(1) of the Companies Act 1965, the Minister directs the Registrar of Companies not to accept for registration any name of a company or a foreign company that is a name or a name of a kind mentioned in the Schedule unless prior approval of the Minister has been obtained.

G Schedule

…

(vii) Names that are misleading as to the identity, nature, objects or purposes of a company or in any other manner.

H **[25]** In setting out the test to be applied Vincent Ng J included the following:

(d) The proposed or impugned name should not so nearly resemble as to be calculated to deceive or mislead, but it is clear that any I name that might mislead the public or a recognized section of the public in any particular locality, or would likely to cause confusion,

irrespective of the intentions or the motives or purposes of the applicant is undesirable and should not be accepted for registration. See *Tan Gek Neo Jessie, supra*; also *Spanz, supra*, and *Rivertex (infra)* …

[26] In short, the test set out by McGregor J in the *South Pacific Airlines* case was adopted. However on the facts of the particular case before the court, there was no interference with the exercise of discretion by the registrar. It was found that the plaintiff's claims of confusion and inconvenience were not substantiated.

[27] In summary therefore it is evident that premised on the decisions from New Zealand, particularly the *South Pacific Airlines* case, names which are so identical as to mislead the public or a recognized section of the public or would likely cause confusion, irrespective of the intentions or motives of the applicant is undesirable and ought not to be registered. However in the Singapore case of *Drilex* it was concluded, in part by reason of the express words of its statute, that confusion in itself was insufficient and that it was incumbent upon the complainant to establish that it had suffered some degree of detriment that could be translated into financial loss.

Application Of The Law To The Facts Of The Instant Case

[28] Having considered the law to a considerable extent above, it is necessary to now consider the effect of the application of the law to the facts of the instant case. At the outset the primary issues relating to this matter were set out. They are set out below for ease of consideration:

(a) Is there a similarity between the plaintiff's and the 2nd defendant's names?

(b) Is confusion caused to the public as a consequence of such similarity in the names?

(c) Does the plaintiff suffer consequences or damage as a consequence of such similarity?

(d) Is the continued use of the 2nd defendant's name therefore 'undesirable' within the context of s. 22(1) of the Act?

Issue (a) Is There A Similarity Between The Plaintiff's And The 2nd Defendant's Names?

[29] The plaintiff maintains that the sound of the plaintiff's and the 2nd defendant's name bears substantial similarity. The 1st and 2nd defendants however contend otherwise. The 1st defendant contends that the plaintiff goes by the name 'D.G. KOM SENDIRIAN BHD' which when spelt out is pronounced as 'D dot G dot Kom Sendirian Berhad', while the 2nd defendant is known as DIGICOM BERHAD which if spelt out, differs because it sounds 'DIGI dot COM BERHAD'. The 1st defendant also relies on the different company registration numbers and s. 121 of the Companies Act 1965 to contend that the names are different. The 2nd defendant maintains that the plaintiff's and the 2nd defendant's names are different and distinguishable both visually and phonetically.

[30] Having considered the submissions of all parties it appears to this court that while it is true that the 2nd defendant's name is derived from a completely different source to that of the plaintiff, in that the name 'DIGI' is derived from the word 'digital' and the 'COM' in the 2nd defendant's name is derived from the word 'communications' while the plaintiff's name has no such origins, the two names when said out aloud do sound similar. It follows that there is some degree of similarity between the plaintiff's and the 2nd defendant's names particularly in relation to the pronunciation and therefore the sound of their names. However while there is a similarity in sound it is equally clear that the names are not identical, particularly visually and to that extent are different and distinct. The fact that the 2nd defendant's name is derived from different origins underscores this distinction. The reasonable conclusion to be made is that there is some degree of similarity in the names of the plaintiff and the 2nd defendant specifically with reference to the sound of their names.

Issue (b): Is Confusion Caused To The Public As A Consequence Of Such Similarity In The Names?

[31] Whether or not the public or a section of the same is 'confused' by the plaintiff's and the 2nd defendant's names is a question of fact. As addressed above, the relevant period for consideration of documents and evidence to substantiate the element

of 'confusion' would be up to the date of 8 June 2001 when the registrar had exercised his discretion to allow the 2nd defendant to continue using its name. Having regard to the evidence set forth in the supplementary affidavit of Said Abd. Kadir @ Syed Abd. Kadir bin Ibrahim dated 8 June 2004 it follows that some of the letters annexed there dated well after 8 June 2001, in July 2001 etc. are not relevant. However the rest of the exhibits annexed thereto comprise letters bearing the plaintiff's address, but which are meant for the 2nd defendant. The names on these letters have been varyingly erroneously spelt. The plaintiff has deposed on oath that these letters were mistakenly sent to it when they were meant for the 2nd defendant. The plaintiff points to the fact that the fact that these documents were meant for the 2nd defendant but were wrongly addressed to the plaintiff establish 'confusion'. Some of these examples require closer examination to ascertain whether this is the case.

(i) The Inland Revenue *vide* letter dated 1 April 2000 and then 24 April 2000 has addressed a letter to DIGICOM Sdn. Bhd. but at the plaintiff's address. There appears to have been some degree of confusion or error whereby the Inland Revenue utilised the plaintiff's address instead of the 2nd defendant's address.

(ii) The second document is a letter from the International Islamic University Malaysia dated 31 May 2000 which is addressed to D G Com Sdn. Bhd. at the plaintiff's address which asks for a quotation for personal computers, LCD Projectors and Peripherals. This letter does not appear to be intended for the 2nd defendant, but for the plaintiff that is a supplier of such equipment. The writer has not utilised the 2nd defendant's name and so the element of 'confusion' is not apparent.

(iii) Mayban Finance wrote to the 2nd defendant, spelling its name erroneously, and addressing the letter to the plaintiff. This letter is dated 21 June 2001, well after the registrar had exercised his discretion to refuse to order the 2nd defendant to change its name. Notwithstanding this I have considered this letter as it is soon after the date when the registrar exercised his discretion. It appears that some degree of confusion arose as is the case with the Inland Revenue.

(iv) There is exhibited next a work order from the Government of Malaysia placing orders for various computer related equipment. The letter is addressed to D.G. Sdn. Bhd. and appears to be intended for the plaintiff and not the 2nd defendant. As such this document, which is not mis-spelt to resemble the 2nd defendant's name nor appears to be addressed to the 2nd defendant, does not appear to have caused confusion. If at all the plaintiff's name has simply been mis-spelt.

(v) One T.T. Unimatic Sdn. Bhd. wrote to the plaintiff on 16 July 2001, well after the registration of the 2nd defendant's name and after the registrar's decision to allow the 2nd defendant to utilize its name in June 2001. For this reason it does not warrant consideration for the purposes of this appeal as discussed earlier. Even if I am wrong in excluding it, the contents of the letter serve no useful purpose as the letter does not of itself establish 'confusion' but merely confirms that the plaintiff has advised T.T. Unimatic Sdn. Bhd. of what it perceives as 'confusion' between the 2nd defendant's and its name. This is of no evidential value *vis-a-vis* 'confusion';

(vi) On Com-Line Systems Sdn. Bhd. has written in the same vein as in (v) above to the plaintiff on 30 July 2001. For the reasons cited above in (v) which are wholly adopted, this letter is also excluded from consideration.

(vii) There are two letters from one Sekolah Menengah Sains Pokok Sena, 27 June 2001 and 3 July 2001. The former warrants consideration as it is dated close to the date of the registrar's decision of 8 June 2001 allowing the 2nd defendant to continue the use of its name. The letter is addressed to DIGI Comunication Sdn. Bhd. for the attention of Syed Abdul Kadir bin Ibrahim, the deponent of the plaintiff's affidavits. The letter was clearly meant for the plaintiff but the name has been mis-spelt to resemble that of the 2nd defendant, particularly with the incorporation of the letter 'I' after the letters 'D' and 'G'. Accordingly this letter provides evidence of some degree of confusion with regards to the spelling of the name of the plaintiff and the 2nd defendant. However there is no inconvenience or damage to the plaintiff in this instance as the letter was clearly meant for the plaintiff.

(viii) The last document exhibited is dated 20 October 2003 and is therefore outside the time limits outlined above. It does not therefore fall for consideration in this application.

(ix) Finally there is an email in the 4th affidavit of Syed Abdul Kadir bin Ibrahim which has been sent to the plaintiff but which is addressed to DIGICOM. The defendant maintains that the email was meant for the 3nd defendant although it was received by the plaintiff. It is not clear who this email was meant for. As such is not entirely clear whether 'confusion' is established.

[32] The said deponent has also affirmed in his earlier affidavit that telephone calls meant for the 2nd defendant denied the same but the plaintiff did not thereafter produce any particulars. In these circumstances, in the absence of more cogent evidence it is not clear that telephone 'confusion' has been established.

[33] In summary there are three and at the very most, four instances of 'confusion' that are relied upon by the plaintiff to establish the element of confusion. What then is the law relating to the issue of 'confusion' in an application such as this?

Law On 'Confusion'

[34] In the case of *Charisma Waterbeds Ltd v. Registrar of Companies* (above) Williamson J was asked to consider the approach utilised in a number of passing off cases to establish whether or not there was confusion. It was recognized there that care had to be exercised in considering these cases as different criteria apply in establishing passing off. Five different elements have to be fulfilled to establish passing off including the fact that there was a misrepresentation, that it was made in the course of business; to prospective customers and that it was calculated to injure the business of another; and that it did cause actual damage to the goodwill or business of the person who brought the action. 'Confusion' does not involve establishing all these elements. However the passing off cases are relevant to the extent that they deal with the issue of whether the name of a product is likely to cause confusion. In the present context 'confusion' is established where the public think that the names and business of the 2nd defendant and the plaintiff are connected and that they are inter-related. It would also arise where the plaintiff is confused for the 2nd defendant.

[35] In the *South Pacific Airlines* case (above) McGregor J considered that the matter centred on the similarity of names, a question of fact or opinion. The question to be considered was:

> (a) Are the names of the companies so much alike that persons who under ordinary circumstances would be customers of such companies for the commodities in which they deal are likely to be deceived into dealing with the new company in mistake for the old, to the detriment of the latter?

In deciding this issue, the court would have to take into consideration whether the two companies are dealing in the same business and whether mistakes have already been made.

[36] And in the case of *Abacus Finance Ltd v. Registrar of Companies* (above) the operations of the two companies were so dissimilar that there was no likelihood of the resemblance in the name resulting in the diversion of one company's customers to another. But the court concluded there that it could be expected that a person aware of one of the companies would assume that the other company was in some manner related to or associated with the other. In other words, some degree of confusion was considered to be inevitable. Such 'confusion' the court concluded arose due to postal and telephonic errors which resulted in nothing more than inconvenience to the party seeking a change of name. However the court in that case also concluded that the confusion could not be designated as 'trifling'.

[37] Applying the law as set out here and above in relation to the consideration of what amounts to 'undesirable' in the context of s. 22(1) of the Act, it follows that:

(a) The plaintiff and the 2nd defendant are dealing in different 'commodities' or activities. The plaintiff is involved in the supply on a large scale of computer equipment and systems to large organizations and bodies, such as the Malaysian Government, while the 2nd defendant is a well-known digital communications company, popular for its introduction of the '016' airwave;

(b) As to whether 'mistakes' have already been made, it is apparent from the foregoing analysis of the evidence and exhibits produced by the plaintiff that the plaintiff has established that a small degree of confusion arose within a relatively small group

of persons who dealt primarily with the plaintiff. That 'confusion' too, centered on the spelling of the plaintiff's name. The plaintiff's name was mis-spelt to resemble that of the 2nd defendant in a few instances. However it is important to note that:

(i) There is no evidence that any segment of the public or the public at large was 'deceived' to the extent that customers of the plaintiff were diverted to the 2nd defendant;

(ii) No detriment or damage resulted from the 'confusion' described which is an undisputed fact between the parties in this appeal.

(c) Finally the nature of the business carried on by the two companies is different as noted earlier. As such the probability of persons doing business with the plaintiff mistaking its identity for that of the 2nd defendant is not clearly established either. What the plaintiff has established is that a small degree of confusion arose within a specific segment of the public, primarily the plaintiff's customers as to the correct spelling of the plaintiff's name which they mixed up with that of the 2nd defendant. Additionally there was some evidence of correspondence meant for the 2nd defendant being sent to the plaintiff. But these 'mistakes' or 'confusion' did not result in the diversion of any part of the plaintiff's business. Nor did it result in detriment or loss to the plaintiff. The plaintiff did not send the correspondence mistakenly sent to it, by Mayban Finance, for example back to the 2nd defendant so it cannot be said that there was substantive administrative inconvenience either.

Issue (c) Does The Plaintiff Suffer Consequences Or Damage As A Consequence Of Such Similarity?

[38] This issue has been dealt with in some length above and therefore does not require further discussion. It is an agreed fact that the plaintiff has not suffered loss or damage as a consequence of the 'similarity' in its name and that of the 2nd defendant.

Issue (d): Is The Continued Use Of The 2nd Defendant's Name Therefore 'Undesirable' Within The Context Of s. 22(1) Of The Act?

[39] I have considered the position in law in several jurisdictions. In New Zealand and Australia, the courts have relied heavily on the proof of 'confusion' to determine whether or not it is undesirable to

have two similar names on the Register of Companies. In Singapore the approach taken was slightly different in that the court concluded that 'confusion' *per se* was insufficient and that it was necessary to show some degree of detriment or damage warranting interference with the exercise of the registrar's discretion. In Malaysia in the *Perunding Jurutera Angakasa* case, Vincent Ng J adopted the principles cited in the New Zealand case of *South Pacific Airlines of New Zealand v. Registrar of Companies*. His Lordship also considered the *Drilex* case determined by the Singapore Courts. In determining this matter, I have considered and adopted the position in the *South Pacific Airlines of New Zealand* case as well as that of *Drilex*. In other words, this court has given consideration not only to the fact that 'confusion' is established, but also the degree of confusion caused, the segment of the public who suffered such confusion and the issue of whether detriment or damage arose therefrom.

[40] Having considered the foregoing, namely whether or not the names of the plaintiff and 2nd defendant are so similar as to warrant it 'undesirable' for both names to remain on the Register, the conclusions of this court are that:

(i) There is some degree of similarity in the sound aspect only of the plaintiff's name and the 2nd defendant's name. The two names are derived from different origins and are distinct visually;

(ii) The two entities are involved in dissimilar businesses;

(ii) There is no question arising of the diversion of either the plaintiff's business or customers to the 2nd defendant, nor of the 2nd defendant's customers to the plaintiff;

(iii) There is no clear evidence of a segment or the public at large concluding that the plaintiff and the 2nd defendant are inter-related or associated;

(iv) There is no detriment to the plaintiff in the 2nd defendant's continued use of the name. All errors or confusion relied upon by the plaintiff relate to postal errors whereby the plaintiff's address has been utilised, or where the plaintiff's name has been mis-spelt or where post meant for the 2nd defendant has erroneously been sent to the plaintiff. At no time did the plaintiff re-send these letters to the 2nd defendant. Accordingly

not even administrative inconvenience has been established. In these circumstances it cannot be concluded that a serious risk of confusion arises to the public or even a section of the public. As such it cannot be concluded that a real likelihood of confusion must have been reasonably apparent at the date of registration of the 2nd defendant's change of name in April 2000, or when the registrar exercised his discretion allowing the 2nd defendant to continue to use its name in or around 8 June 2001.

(v) As such, notwithstanding this court's finding that there is some degree of similarity between the names and that some small degree of confusion arose *vis-a-vis* a small group of the plaintiff's customers, this in itself is insufficient, on the facts of the instant case for this court to review or reverse the exercise of discretion by the registrar. As stated in the case of *South Pacific Airlines of New Zealand v. Registrar of Companies* (above) and followed by Vincent Ng J in *Angkasa Jurutera Perunding v. Pendaftar Syarikat* (above) this court should only interfere with the exercise of discretion by the registrar if the registrar has exercised his discretion by the application of a wrong principle, or by consideration of extraneous matters. It does not appear in this case that the registrar has so erred. The 2nd defendant's continued use of its name does not cause significant 'confusion' to the public at large, thereby requiring that such use cease. The reasons for this conclusion have been enumerated above. The sum total of the 'confusion' caused is relatively insignificant, not warranting an order directing the disuse or change of the 2nd defendant's name. In so concluding I have considered the submission of learned counsel for the plaintiff, namely that directing a change of name of the 2nd defendant would not disrupt its operations or its business, as the 2nd defendant is a holding company and any change of name directed would not affect the trade name or good will entrenched in the name 'DIGI' enjoyed by its subsidiary, a mobile telephone service provider. Notwithstanding this for the reasons stated there is no reason to interfere with the registrar's decision.

[41] Accordingly this appeal is dismissed with costs.